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AGRICULTURE, NUTRITION,  
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VETERANS' AFFAIRS  
HEALTH, EDUCATION, LABOR,  
AND PENSIONS  
JOINT ECONOMIC COMMITTEE

April 29, 2020

The Honorable Steven T. Mnuchin  
Secretary  
Department of Treasury  
1500 Pennsylvania Avenue NW  
Washington, DC 20220

The Honorable Jovita Carranza  
Administrator  
U.S. Small Business Administration  
40 3<sup>rd</sup> Street, S.W.  
Washington, D.C. 20416

Dear Secretary Mnuchin and Administrator Carranza,

Thank you for your continued work in responding to the economic consequences of COVID-19. I greatly appreciate your efforts, and the work being undertaken to provide Americans who have been harmed by this crisis. With respect to the Paycheck Protection Program (PPP), I'd like to bring another issue to your attention that is of critical importance to my state.

In my efforts to ensure that the relief provided by the federal government is working effectively and for its intended purpose, I have been in constant communication with constituents across Georgia. Throughout this effort, an issue has emerged for certain hospitals attempting to participate in the PPP.

As you know, 501(c)3 hospitals are eligible to participate in the Paycheck Protection Program, and I appreciate the guidance issued by Treasury recently on this matter that affirmed their eligibility. However, many hospitals in Georgia are fully non-profit and publicly owned, but have not yet converted their status from 501(a) to 501(c)3, despite meeting all of the conditions of a 501(c)3 hospital.

Some banks have recognized that this is simply a matter of delayed reclassification in the midst of a national crisis, and have granted such hospitals PPP funding. However, many banks are hesitant to approve loans to these hospitals out of fear that, technically speaking, the hospitals are not in full alignment with PPP eligibility specifications.

Even for those instances in which banks have approved loans for these misclassified non-profit hospitals, there is concern that this technical error will result in these loans not being eligible for forgiveness. This has discouraged many hospitals that should be eligible from applying to the program.

This problem could be solved with additional clarification from the Small Business Administration and Treasury that hospitals which meet the legal requirements for 501(c)3 status are in fact eligible for the program, despite not yet completing reclassification. I urge you to issue such clarification and ensure that these hospitals are eligible to participate in the PPP.

As you know, our hospitals have been at the front lines of this crisis. Not only have the healthcare workers in these hospitals put their lives on the line to carry our nation through this, they also have forgone essential other functions that previously accounted for a large proportion of hospital revenue, jeopardizing their financial sustainability. It is our responsibility to ensure that our hospitals have the resources they need to both mitigate this crisis and continue operating in their communities after the pandemic has subsided. By issuing additional clarifying guidance on this issue, additional relief can be provided to our nation's hospitals and healthcare workers.

Thank you again for working to respond to this crisis, and I look forward to your response on this matter.

Sincerely,

A handwritten signature in blue ink, appearing to read "Kelly Loeffler", with a long horizontal flourish extending to the right.

U.S. Senator Kelly Loeffler